

Desert Mountain Energy Provides Guidance on Estimated Helium Reserves on First Well

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VANCOUVER, Feb. 16, 2021 - [Desert Mountain Energy Corp.](#) (the "Company") (TSX.V: DME) (U.S. OTC: DMEHF) (Frankfurt: QM01) From the President of the Company.

[Desert Mountain Energy Corp.](#) (the "Company") (TSXV: DME) is pleased to announce guidance on helium reserves on its first well completed in 2020. The reserve estimate table is provided to help provide guidance on possible reservoir scenarios based on four point flow testing and correlated by Dr. Ed Coalson. The report is available on the DME website or click [HERE](#). Currently there is no other known helium production from the perforated zone in the State 10-1 well within 100 miles. In addition, per the AZOGCC rules, only one well may be drilled and completed for any type of gas (including helium), per square mile in this area. Actual future production may, at some unknown time, provide directive to a possible increase of well density from one to two wells per square mile. Any increase in well density would have to be approved in advance via a public hearing with the AZOGCC and the Company does not currently anticipate that any such request will be made in the near term. The attached reservoir estimates are based on only one well per square mile but with three different effective drainage scenarios.

Edward Coalson, Ph.D.

Senior Consultant & Qualified Reserves Evaluator

Edward Coalson received his B.S in Geology from Cal State University, M.S. in Geology from the University of Wyoming and Ph.D. in Geology from Colorado School of Mines. His experience in Petrophysics led to the discovery of many significant oil and gas fields in Colorado and Wyoming. Ed's experience has been further amplified with teaching courses, including the Colorado School of Mines.

10-1 Well Engineering Pertinent Data

Specific data relevant to the perforated zone and the associated input data assumptions on the linked chart by Dr. Coalson.

The linked report by Dr. Ed Coalson is based on what was seen during drilling, associated proprietary seismic, drill cuttings and open hole logs. The penetration of the perforated zone occurred while drilling with air only with 4 saver subs in the string. Therefore, ROP of the perforated zone was without inclusion of any outside fluids. No fluid was seen from approximately 150' above to 114' under the formation. Therefore, the assumed value of .2 for SW is to account for the air rates, (980 psi and 1100 cfm,) at time of formation penetration. Again, even though no fluids of any type were witnessed Dr. Coalson used an assumed .2 input value which would include any connate water valuations.

The cuttings from 15' above and 20' below the perforated interval showed very thin interbedded shale inclusions, (<2mm,) at non-patterned intervals within the sections of interest. Cuttings from the 15' above the perforated zone displayed fine grained well sorted sand stone with gas bubbling from the larger chips. The perforated interval cuttings were medium grained well sorted sand stone again with larger currents bubbling gas. Cuttings between the perforated interval and the lower zone showed a dolomitic lime with a dark red shale section. The lower zone displayed a mixture of fine to medium grading downward to a fine grained sand with dolomitic inclusions in the bottom 5 feet changing to a red sandy / silty shale.

During drilling it was witnessed that the volume of the cuttings from 2,089'to 2,137' markedly increased and was born out by the washout effectively seen on the open hole logs. It is assumed these washouts contributed to the inordinately high porosity numbers seen on the open hole logs. Cuttings from those

sections would suggest porosities between 20 and 28 percent not the higher values displayed on the open hole logs. Therefore, the lower number was used in the calculations to account for possible differentiations in correlation between sample evaluation and open hole log interpretations. While in many fields GR log may be selectively used to estimate permeabilities, the 10-1 suite of logs included acoustic logs to provide clearer indicator data points for calculations with the least amount of statistical scatter.

The helium value of 7% was used across the chart for the purposes of drainage valuations. There were differences between the 10-1 and the 16-1 wells, however as seen on the log the same zone was present in both wells. This report is solely for the purpose to provide guidance on the 10-1 well. There are wells in the area of the 10-1 well reporting up to a high of 9% helium values with the Pinta Dome field showing values during the life of production between 6% and 11%. Additional possible recoverable helium values can be easily calculated by simply inclusion of the desired higher or lower he%.

Compression factors with helium, nitrogen and other assorted rare earth gases do not necessarily fit within guidelines most engineers are accustomed to finding. Most PE are accustomed to the factors for C1-C8 and higher including Hexanes, Diterpanes, Triterpanes, N₂, CO₂, etc... The 10-1 well tests contained none of the higher end steranes or aromatics and contained very minimal amounts of methane. However, the gaseous sampling showed rare earth gases contained in a primarily nitrogen reservoir and is less known or studied and their associated effects on actual production with elevated helium values is even less known. For the purposes of the linked chart it has been created using only the normal compression values for Nitrogen and helium. Therefore, it should be assumed that actual helium percentages will most likely change +/- to some unknown degree over the life span of any given well within a field.

The closest production is from the Pinta Dome field which is an Aolian Sand which is heavily interbedded. As such helium production and gross he% varied greatly within wells relatively closely spaced as well as helium values and krypton values changing over the 13 year life of the field. The 10-1 well is perforated in a non-Aolian Sand. Therefore the assumption is made that the drainage area for any given well should be greater based on the more contiguous nature of the formation.

The Company geologic team has selected the next three well locations and with moderating weather, surveys for surface access and well site locations will be completed shortly. The Company anticipates final permitting and drilling to begin upon road weight restrictions being lifted and rig availability. All three wells will be drilled to an approximate depth of 4,000'+- and as previously announced will be drilled consecutively on private property.

The Company has completed negotiations for the opening of a corporate office in Surprise, Arizona in March.

About Desert Mountain Energy

[Desert Mountain Energy Corp.](#) is a publicly traded exploration and resource company focused on the discovery and development of rare earth gas fields in the US. The Company is primarily looking for elements deemed critical to the green energy and high technology industries.

We seek safe harbor

"Robert Rohlifing"
Robert Rohlifing
Chairman & CEO

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SOURCE [Desert Mountain Energy Corp.](#)

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